



NORTH CAROLINA COMMISSIONER OF BANKS NON - DEPOSITORY ENTITIES DIVISION

Regulatory Newsletter

Volume 2, Issue 2

July 30, 2010

Charlie's Corner

By Charlie Fields, Jr., Director

Dear Licensee,

I encourage you to visit the N. C. Office of the Commissioner of Banks ("NCCOB") website at www.nccob.gov to not only submit required information, but to find updates on issues such as: legislative changes and notices to licensees that are of concern to you. It doesn't matter which license(s) or registration you hold, reviewing our website will provide you with helpful information to stay in compliance with statutes and regulations that relate to your respective industry.

Mortgage Licensees will be sent additional information regarding recent revisions to some of the NC Administrative Code Rules early next month. To stay abreast and help ensure compliance with these changes, I encourage you to click [here](#) to review the NC Administrative Code Rules relating to the Mortgage Industry. Also, please review Legal Updates on page 7 for a summary of the key provisions of Senate Bill 1216.

As always, please feel free to contact our agency at mortgage@nccob.gov to submit topics or concerns that you would like addressed in future issues of the NCCOB Non-Depository Entities Newsletter.

Mortgage Servicing

By Charlie Fields, Jr., Director

Requirement for Fee Assessment and Fee Statement Notification

Pursuant to [N.C.G.S. § 45-91](#), servicers must assess a fee within 45 days of the date on which the fee was incurred. However, attorney or trustee fees and costs incurred as a result of a foreclosure action shall be assessed within 45 days of the date they are charged by either the attorney or trustee to the servicer. Also, servicers must mail a statement that explains clearly and conspicuously any fee incurred by a servicer and charged to the borrower, at the borrower's last known address, within 30 days after assessing the fee. This statement is required regardless of whether the loan is considered in default or the borrower is in or has been in bankruptcy, provided the servicer shall not be required to take any action in violation of the provisions of the federal bankruptcy code.

(Mortgage Servicing continued on page 2)

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Mortgage Licensing Updates

By Teresa Browning
Assistant Director



Licensing deadline reminders

The purpose of this article is to remind all MLOs of the deadlines and associated requirements for continued licensure. As you may be aware, the North Carolina Secure and Fair Enforcement Mortgage Licensing Act ("NC SAFE Act") became effective on July 31, 2009, in order to bring the mortgage licensing laws of the State of North Carolina into compliance with the Federal Secure and Fair Enforcement for Mortgage Licensing Act of 2008 ("SAFE Act"). All Mortgage Loan Originators "MLOs" should be SAFE compliant by July, 31 2010.

Criminal Background Check- Deadline March 31, 2010

The SAFE Act requires all individuals acting as MLOs to submit new fingerprints to NMLS for a federal criminal history background check with the Federal Bureau of Investigation and to meet certain minimum criminal history standards. Even if fingerprints were submitted to the state at the time of application, SAFE requires that all MLOs *submit new fingerprints directly to NMLS using the NMLS authorized fingerprint vendor*. MLOs may log into NMLS and submit a new MU4 Filing to create the CBC request. See the [Submitting a CBC Request Quick Guide](#) if you need help with this process.

Testing - Deadline July 31, 2010

All MLOs licensed in North Carolina must take and pass the National Test. MLOs licensed in North Carolina on or before July 31, 2009, who have passed the North Carolina test since January 1, 2004, are not required to take the North Carolina State Component. MLOs currently licensed that were either grandfathered, and did not take the North Carolina test, or obtained their license before January 1, 2004, must pass both the National and State test components. See the [Testing Quick Guide](#) if you need help with the process.

Education-Deadline July 31, 2010

All MLOs must complete 20 hours of prelicensing education (PE) in order to be SAFE compliant. If an MLO completed a minimum of 20 hours of NCCOB approved education by December 31, 2009, the NCCOB has submitted those hours to the NMLS for certification. You may view your individual MLO education history [here](#).

It is important to note that all licensed MLOs should meet the July 31, 2010, deadline. However, if you fail to meet the deadline for either the criminal background or testing and education, as of August 1, 2010, your MLO license will be deemed ineligible to renew until you are SAFE compliant. Although the license is ineligible to renew, the status of the license will not be affected.

If you hold an active license, you may continue to engage in the mortgage business until the license expires on December 31, 2010.

(Mortgage Servicing continued from page 1)

The servicer shall not be required to send such a statement for a fee that:

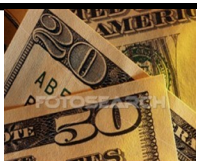
- (i) results from a service that is affirmatively requested by the borrower
- (ii) is paid for by the borrower at the time the service is provided, and
- (iii) is not charged to the borrower's loan account.

Failure to charge the fee or provide the information within the allowable time and in the manner required under subdivision (1) of subsection (a) of this section constitutes a waiver of such fee.

Consumer Industries

By Branton Grimes

Financial Program Manager



CHECK CASHING

Liquid Assets

The liquid asset requirement under N.C.G.S. § 53-279(a) for licensed check cashers can be somewhat confusing. While its general purpose is to promote financial stability and accountability in the industry, it has unfortunately created difficulties for some in maintaining compliance due to misconceptions of how the law is applied.

All licensees are required to "...have and maintain liquid assets of at least fifty thousand dollars (\$50,000)..." Liquid assets are defined as "cash, bank deposit accounts, and money market accounts or similar property owned by the applicant or licensee, plus undeposited checks cashed by a licensee, less any returned checks doubtful of collection and cash remittances due others." Also, licensees are required to "immediately notify the Commissioner in writing if, at any time, it fails to meet the minimum liquid asset requirement of N.C.G.S. § 53-279(a)."

Cash on hand is normally determined by the beginning cash balance. It is important to maintain a daily cash balance record.

The bank account shall be in the name of the licensed check cashing business and shall be separate from all other business as required under N.C.G.S. § 53-282(a). This Section states all "books, accounts, and records shall be maintained separate from any other business in which the person is engaged..."

Total liquid assets must be reduced by checks cashed by a licensee that were returned due to insufficient funds and doubtful of collection. The NCCOB's position is that returned checks more than 30 days old shall be deemed "doubtful of collection" for purpose of the requirement.

It is not only important to maintain required liquid assets, but to also maintain sufficient records that document compliance. Making these

records readily available for examinations ensures transparency and confidence in accountability.

Money Service Business Training Opportunity

The NCCOB is once again partnering with the IRS to sponsor a Money Service Business ("MSB") compliance training session the afternoon of October 28, 2010, at our Raleigh office for check cashing licensees. This will be an opportunity to hear from state and federal representatives, and ask any questions you may have including compliance issues concerning the N.C. Check Cashing Act or federal Bank Secrecy Act.

Register [here](#) for the upcoming compliance training.

Space is limited so register as soon as possible to ensure you can attend. We look forward to meeting you and seeing you there.

Check Cashing

By Rodney Oldham

Financial Program Manager



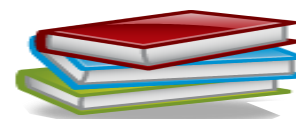
Check-cashing renewals began July 15, 2010, and will continue through September 30, 2010. You may access the renewal system at the [NCCOB website](#). Also, be aware that office relocations can be performed at no extra charge during the renewal period. During the renewal process, we request that licensees provide their schedule of fees to our office. This is a two-step process that works as follows:

- Licensee must complete and return a NCCC-2 form, which is mailed with your new license(s) or can be obtained through the NCCOB's [website](#).
- Licensee must also provide the NCCOB with a scaled duplicate of the fees you have posted in your place of business.

Please note pursuant to [N.C.G.S. § 53-280\(c\)](#), failure to submit the fee schedule and the scaled duplicate may be grounds for disciplinary action, including a suspension or revocation of the company license. Should you have any questions regarding the assessment or the check-cashing renewal process you may direct your questions to Rodney Oldham.

Education Updates

By Mary DesChamps, Education Director



Certification Update

The NCCOB submitted certification files for all Mortgage Loan Originators ("MLOs") that met the SAFE Act requirements on April 26, 2010. If it is determined that you have met the qualifications for certification and your record isn't properly recorded in NMLS, contact the NCCOB at: mortgage@nccob.gov for verification of records. MLOs should note the following:

1. Wait for instructions from NMLS - NMLS will notify you by email when your certification invoice is ready to be paid.
2. Pay your certification invoice - Complete step-by-step instructions will be provided in the email, or you can use the [Paying a Certification Invoice Quick Guide](#). Invoice must be paid by each individual mortgage loan originator. The cost is as follows:
 - Test Certification - \$5.00 per test
 - Education Certification - \$15.00
3. Verify your record - You will be able to enter the Composite View in NMLS to confirm that the system reflects that you are "PE compliant" and/or "state test compliant."

For instructions on verifying your record, see the [Confirmation of Testing or Education Certification Quick Guide](#).

Status will not change in NMLS until invoice has been paid in the system. The status will be displayed as shown below when the transaction has been completed:

"Certified" (under the Score section of the Official Test Results)

"Compliant" (under the Status section for PE Compliance Type)

Reminder: All deficiencies must be cleared prior to license renewal.

PE compliance data as of July 19, 2010

Percentage of licensees that are compliant	Total records submitted for certification
40%	3,786

Test compliance data as of July 19, 2010

Percentage of licensees that are compliant	Total records submitted for certification
48%	3,409

Continuing Education

MLOs are strongly encouraged to complete their continuing education for 2010 by October 31st, to avoid any delay in recording of education hours. [View and register online through NMLS](#) for approved [Continuing Education Courses](#). The deadline is December 31, 2010.

NCCOB requires MLOs to obtain 8 hours of CE as a condition of license renewal with one hour of training directly related to NC law and regulations. Education should include:

- Three hours of federal law and regulations
- Two hours of ethics, including instruction on fraud, consumer protection, and fair lending issues
- Two hours of training related to lending standards for nontraditional mortgage products and
- One hour of North Carolina law and regulations.

MLOs should verify that education hours are properly recorded in NMLS within seven days of course completion. If hours aren't recorded, you should contact the education provider directly prior to contacting the NMLS help desk for assistance.

Individuals will only receive credit for a continuing education course in the year in which the course is taken. MLOs may not take the same approved course in the same or successive years to meet annual requirements for continuing education.

Enforcement

By David Picard, Enforcement Director



Real Estate Development Fraud: Lots of Broken Dreams

Recent investigations conducted by the Enforcement Division at the N.C. Office of the Commissioner of Banks have uncovered a financial crime scheme, which I will refer to as "real estate development fraud." This fraud scheme has become increasingly prevalent as a result of the downturn in the economy since 2008 and is primarily located in the coastal and mountain regions of North Carolina where a majority of resort and vacation properties are sold. North Carolina mortgage brokers and lenders should be aware of and on the lookout for indicators of this type of fraudulent loan scheme.

The basic premise of this type of fraud scheme involves real estate developers who attempt to stimulate sales of real estate lots by offering potential buyers and investors "seller paid incentives," such as pre-paid interest which are deposited into escrow accounts, pre-paid down payments, purchase credits, payment of closing costs, payments of club and/or golf fees and other miscellaneous seller paid incentives, to influence buyers to purchase land lots.

These seller paid incentives are often not disclosed or are disguised and hidden from lenders and mortgage loan originators by the developer. Non-disclosure of seller paid incentives to brokers and lenders, means that seller paid incentives are not included in determining the value of the lot in an appraisal or in the underwriting decision in making the lot loan to the buyer and or investor.

Some "red flags" of real estate development fraud are as follows:

- Developer receiving large amounts of real estate commissions and disbursements at closing in their dual capacity as real estate agent and developer.

- Same real estate agent, broker appraiser, and closing attorney used on all or many of the loans in the development.
- The initial lot sales in the development having no financing.
- Rapidly escalating values of lots within the same development in a short time frame.
- Rapid "flipping" of lot sales in short time frames.
- Significantly higher lot values in the development than values in surrounding areas.
- Many of the buyers of the lots are located out-of-state or a significant distance from the development.
- Lack of asset and income documentation for borrowers.
- Celebrity or high profile buyers receiving great deals on lots to lure other buyers into purchases of lots.

North Carolina lenders and mortgage loan originators should be aware of real estate development fraud and the "red flags" listed above. With the continuing economic downturn and reduced real estate values, the emergence of more real estate development fraud in North Carolina is likely to occur.



Consumer Affairs

By Tami Hinton

Consumer Affairs Director



Don't let the sun set on this opportunity to register for free training

Qualifying Individual Orientation

The NC Commissioner of Banks has a training program for representatives of licensed brokers and lenders that have been approved and are currently licensed. If you missed an earlier opportunity to attend this training, there is another chance to take advantage of this invaluable session. You will meet your state regulators and participate in a casual learning environment while getting the answers to questions that directly affect your business. This is also a time to network with others in the industry.

Companies are invited to participate in this highly recommended training at no cost to you.

Our goal is to educate licensees on the laws and guidelines for operating a successful mortgage company in North Carolina. The class is designed for managing principals/qualifying individuals and licensing contacts and is presented for *information only*.

Mark your calendar for the next session to be held September 15, 2010 at our Raleigh office. If you have personnel who wish to attend, register [here](#) for the classroom or webinar training by the deadline August 31, 2010.

The all day class will focus on four main areas: licensing, education, examinations, legal and regulatory updates. Registration will begin at 8:30 a.m., so please make travel arrangements accordingly.

We look forward to hearing from you and hope that you will be able to attend the upcoming class. Contact our office at 919.733.0589 if you have questions.

The Consumer Affairs Division processes complaint inquiries for all entities regulated by the NCCOB.

The Consumer Affairs Division has processed over 1600 complaints for the period January 1, 2010 – June 30, 2010. Foreclosure related complaints are included in this latest count and number well over 700 complaints.

File a Complaint

To file an online complaint go to:
www.nccob.gov/complaint

Foreclosure Assistance

Please visit www.fightncforeclosure.org or www.ncforeclosurehelp.org, and if you know of someone facing foreclosure and in need of assistance, they can call 1-866-234-4857.

Additionally, the State Home Foreclosure Prevention Project (SHFPP) was extended until May 2013 via the passing of Senate Bill 1216. This bill extends the SHFPP program and expands it to include all home loans.

Legal Updates

By Will Corbett, Staff Attorney



July 30, 2010

Summary of Key Provisions of Senate Bill 1216

AN ACT TO AMEND AND EXTEND THE EMERGENCY PROGRAM TO REDUCE HOME FORECLOSURES ACT, TO INCREASE AND AUTHORIZE FEES UNDER THE S.A.F.E. MORTGAGE LICENSING ACT, AND TO REVISE THE DEFINITION OF CERTAIN TERMS IN THE PREDATORY LENDING LAW

Introduction:

Pending final signature by Governor Perdue, or the elapse of 30 days from Adjournment (August 9), several amendments to the foreclosure process, NC SAFE and Chapter 24's High Cost Loan Law will become law. These amendments were ratified by the General Assembly in Senate Bill 1216. The following is a brief summary of these changes:

Extension and Expansion of the State Home Foreclosure Prevention Project

Sections 1-3 and 9 of the Act extend the Emergency Program to Reduce Foreclosures, expand the program to cover a wider range of mortgages heading into foreclosure, and provides for a Trust Fund to cover the goals of the program through a filing fee assessed to each loan filed with the Administrative Office of the Courts (AOC). The Program was created in 2008 and imposes pre-foreclosure requirements in Article 11 of Chapter 45 of the General Statutes, and makes compliance with these requirements a necessary element of Power of Sale Foreclosures under Article 9A of Chapter 45. The original law was set to expire on October 31, 2010, but under the Act would be extended to May 31, 2013, with amendments.

Section 1 of the Act amends the definitions under G.S. § 45-101 of the act, the terms "rate spread loan" and "subprime loan." Section 1 also amends the references throughout the

Article 19B to replace the term "subprime loan" with "home loan," meaning the Act now applies to "home loans" based upon the existing definition in G.S. § 45-101(1b). This eliminates "subprime loan" criteria of APR thresholds and origination time-frame (between January 1, 2005 and December 31, 2007). As a result, while some specific types of loans (equity line, construction, reverse mortgages, and bridge loans or non-conforming loans) are not included, the Act will now cover almost all principal residence residential mortgage loans. This requirement applies regardless of the status of the servicer.

The Act also amends G.S. § 45-103 to add to the information required to be included in submission to the AOC the "due date of the last scheduled payment made by the borrower."

Finally, the Act amends G.S. § 45-105 to establish a State Home Foreclosure Prevention Trust Fund and funds the Trust by adding a fee of \$75 charged to the servicer upon filing a pre-foreclosure notice for a loan. The fee is limited to one time only. Trust Fund monies are to be allocated according to a set formula to the Office of the Commissioner of Banks for the costs of administering the program; to grants or reimbursement for services provided by non-profit housing counselors; and to grants or reimbursement for nonprofit legal services providers for services rendered on behalf of homeowners in danger of defaulting on a home loan. Compliance with Article 11's notice and pre-foreclosure period requirements continue as a necessary element of the Power of Sale Foreclosure process. Also, the Commissioner maintains the authority to delay foreclosure filings for 30 days.

These changes become effective November 1, 2010, under the Act and apply to all foreclosures filed on or after that date. NCCOB is notifying mortgage servicers directly of changes that will begin in the AOC database to implement this shortly.

(Summary continued on page 8)

Legal Updates

By Will Corbett, Staff Attorney



(Summary continued from page 7)

Fees increased and added to the S.A.F.E. Act.

Sections 4 through 6 of the Act amend the North Carolina Secure and Fair Enforcement Act (NC SAFE), Article 19B of Chapter 45 of the General Statutes. Sec. 4 amends G.S. 53-244.090(b) to increase the initial filing fee for branch office licenses to \$300 from \$125. Sec. 5 of the Act amends G.S. §53-244.0101(b) to increase the branch office renewal fee from \$125 to \$300 and the mortgage loan originator renewal fee to \$125 from \$67.50. Sec. 6 of the Act amends G.S. §53-244.119 by adding a new subsection (e) which permits the Commissioner to require licensees to pay through NMLS, a reasonable administrative processing fee, not to exceed \$75, for each of following licensee status changes:

- A change of the name of the licensee;
- A change in the address of the licensee's principal office;
- For mortgage loan originators, a change in the licensee's sponsor
- For Mortgage lenders, brokers, and mortgage servicers, a change in the control of the licensee;
- A change in the identity of the branch manager of any branch of the licensee; and
- A change in the identity of the licensee's qualified individual.

The Act makes these changes effective September 1, 2010.

Amendments to definitions of the NC High-Cost Loan Law

Sections 7 and 8 of the Act revise certain definitions of High-Cost Loan Law at G.S. § 24-1.1E. Specifically, the definition of "points and fees" is amended to exclude from "points and fees" the portion of certain up-front government guarantee fees or qualified private mortgage insurance fees that exceed 1 ¼% of the total loan amount. Fees collected and paid to the Federal Housing Administration, the Veterans' Administration, or the U.S. Department of Agriculture to insure or guarantee a loan would be subject to the partial exclusion. Up-front private mortgage insurance premiums would also be subject to the partial exclusion if:

- the PMI premium, charge or fee is required to be refundable on a pro-rated basis;
- the refund is automatically issued upon notification of satisfaction of the underlying mortgage; and
- the borrower has the right to request or receive a prorated refund in accordance with state or federal law.

Section 8 of the Act amends G.S. § 24-1.1E (a)(6)'s definition of "threshold" by lowering the "points and fees" prong under G.S. §24-1.1E(a)(6)b. to 4% of the total loan amount from the prior level of 5% of the loan amount.

The Act makes these changes effective September 1, 2010.

Non-Depository Enforcement Actions from April 7, 2010 through July 20, 2010

07/20/2010	Schlachter, Ronald Lee	Order and Decision	10:283 MBB
07/01/2010	Bailey, Nicole Bridges	Order and Decision	10:270 MBB
07/01/2010	Casillas, Jovannie	Order and Decision	10:280 MBB
07/01/2010	Mason, Amy Jo	Order and Decision	10:273 MBB
07/01/2010	mckay, william trace	Order and Decision	10:271 MBB
07/01/2010	Renteria, Cassandra Astrid	Order and Decision	10:276 MBB
07/01/2010	Rudisill, Morgan Bell	Order and Decision	10:278 MBB
07/01/2010	Sun West Mortgage Company, Inc.	Order and Decision	10:180 MBB
07/01/2010	Tanney, Chad Thomas	Order and Decision	10:277 MBB
07/01/2010	Vazquez, Gwen Tracey	Order and Decision	10:274 MBB
07/01/2010	Wilson, Juquita Hines	Order and Decision	10:272 MBB
06/29/2010	Deese, Ricky Lynn	Notice of Hearing	10:275 MBB
06/25/2010	Underwood, Robert Bruce	Notice of Hearing	10:269 MBB
06/24/2010	HUNTER, CHRISTOPHER WAYNE	Notice of Hearing	10:267 MBB
06/24/2010	Trezevant, Tianna Che're	Notice of Hearing	10:195 MBB
06/22/2010	Godin, David Jerome	Order and Decision	10:055 MBB
06/22/2010	Price, Chris Eckard	Order and Decision	10:063 MBB
06/22/2010	Trainum, Brian Thomas	Order and Decision	10:061 MBB
06/02/2010	Jones, Jennifer Mary	Order and Decision	10:263 MBB
05/25/2010	Ipek, James	Consent Order	10:189 MBB
05/25/2010	Murray, Jennifer Nichole	Order and Decision	10:247 MBB

Non-Depository Enforcement Actions from April 7, 2010 through July 20, 2010 (Continued)

05/25/2010	Rouse, Jennifer Jones	Order and Decision	10:246 MBB
05/25/2010	Set2Go Loans, Inc.	Consent Order	10:188 MBB
05/14/2010	Mullins, Donna Marie	Order and Decision	10:056 MBB
05/12/2010	Thomas, Marla Kay	Order and Decision	10:211 MBB
05/10/2010	Walker, Angela Garris	Order and Decision	10:209 MBB
05/06/2010	Brooks, Alice Gail	Order and Decision	10:198 MBB
05/06/2010	Weitzel, Julia Edwards	Order and Decision	10:099 MBB
04/30/2010	WR Starkey Mortgage, LLP	Consent Order	10:190 MBB
04/26/2010	Lewis, Christy Tiana	Order Dismissing Appeal	09:163 MBB
04/26/2010	Oliver, William Bryan	Order Dismissing Appeal	09:156 MBB
04/19/2010	CAMPBELL, KAREN STEWART	Notice of Hearing	10:175 MBB
04/16/2010	CAMPBELL, SR, JERRY	Notice of Hearing	10:176 MBB
04/16/2010	Collins, Natalie Bullock	Order and Decision	10:177 MBB
04/16/2010	F & I Mortgage and Financial Services, L.L.C.	Notice of Hearing	10:174 MBB
04/16/2010	Grant, Melissa Kay	Order and Decision	10:172 MBB
04/16/2010	Palacios III, Raul	Order and Decision	10:171 MBB
04/09/2010	Bell, Sr, Jerome Nyjuan	Voluntary Surrender and Order	10:066 MBB

Mortgage FAQs

Renewal

- Q. When does the renewal period begin?
- A. The renewal period begins November 1 and ends December 31, 2010.
- Q. Is continuing education needed in order to renew for 2011?
- A. Yes, as a condition of license renewal, you must complete 8 hours of continuing education by December 31, 2010.

Please note: Initial licensees are exempt from CE their 1st year of licensing.

- Q. Do I have to take and pass the national test in order to renew my license?
- A. Yes, you are required to pass the national test in order to be SAFE Act compliant for this year's renewal. Failure to successfully pass the national test will render you ineligible to renew, if not completed by December 31, 2010.

Course information

- Q. Where do I find the course catalog of NMLS approved courses?
- A. You should search the course catalog [here](#) for courses to meet the CE or PE requirement.
- Q. I just completed my CE for this year. Where do I view the education record?
- A. You should log in to your NMLS account to view completed NMLS education credit hours.

Test information

- Q. I just completed the SAFE Act examination, where do I view the testing record?
- A. You should log in to your NMLS account to view the test results for the SAFE Act test.

Certification

- Q. I have not completed the 20 hour PE requirement. Has the deadline passed to complete this requirement?
- A. No, the deadline is December 31, 2010. You should contact an approved NMLS education provider and complete the course to be SAFE Act compliant. Licensees that fail to meet this requirement will not be eligible for renewal.
- Q. My PE and Test certification record is not displayed correctly in NMLS. How do I request this update of my record in NMLS?
- A. Licensee should contact our office at mortgage@nccob.gov to report a discrepancy in reporting of a certification (PE or Test) record to NMLS. Updates must be completed prior to renewal.

Rule .0101(10)(a)(vi)

- Q. Is an MLO required to pull their own credit report in order to determine whether their credit score has dropped below 600?
- A. No. An MLO does not have to pull their credit solely to determine their credit score has dropped below 600. However, if an MLO does pull their credit report, and the report indicates a score below 600, the MLO is required to notify NCCOB within 30 days (see G.S. 53-244.105(b).)

(FAQs continued on page 12)

Mortgage FAQs

(FAQs continued from page 11)

Rule .0101(10)(a)(vi)

- Q. What will happen if my credit score drops below 600?
- A. If your material credit score change is timely reported (see above FAQ), and the credit score is the *only* financial responsibility requirement listed in Rule .0205 that is not being met, NCCOB will take no action regarding the MLO's licensure. In general, NCCOB has not denied a license solely based on credit score, but has looked to other factors of financial responsibility, such as, but not limited to, repayment of debts, judgments, foreclosures or liens. However, the failure to timely report material credit report credit changes constitutes a violation of NC SAFE and the Rules, and therefore may subject a licensee to disciplinary action by the Commissioner.

Rule .0101(10)(c)

- Q. I see that .0101(10)(c) defines "material" when used in connection with facts or information provided to borrowers. Can you tell me what information this rule requires a broker to provide to meet the requirements of G.S. § 53-244.109(5)?
- A. If a broker complies fully with the state and Federal disclosure requirements set forth elsewhere in the rules and statutes, the only additional disclosure required is a disclosure to the borrower of the total compensation the broker expects to receive from all sources in connection with the loan.

Brokers may disclose this information either by providing the borrower an itemization of origination charges as permitted under RESPA or by disclosure of their total compensation separately as part of their broker agreement or on a separate form. A sample form of acceptable disclosure is included [here](#).



Important Dates to Remember

- July 8, 2010 - Consumer Finance Assessments mailed and are due upon receipt
- July 15 through September 30, 2010 - Online check cashing renewals
- September 15, 2010 - Qualifying Individual Orientation Training
- October 28, 2010 - Money Service Business Training Opportunity

Licensing Statistics as of June 30, 2010

Mortgage Company License - Approved

Mortgage Brokers	228
Mortgage Lenders	334
Mortgage Servicers	47

Mortgage Individual License - Approved

Loan Originators	6,785
Exclusive Mortgage Brokers	211

Consumer Industries License—Approved

Check-Cashers	369
Consumer Finance Licensees	80
Refund Anticipation Loan Facilitator Registrants	874
Money Transmitters	69

Contact Information

N.C. Office of the Commissioner of Banks
316 W. Edenton Street (physical location)
Raleigh, NC 27603

4309 Mail Service Center (mailing address)
Raleigh, NC 27699-4309

Phone:
919.733.3016 Main Number

Fax:
919.733.6918 Main

Mortgage

Phone:
919.733.0589

Fax:
919.733.2978 Mortgage

Email:
Mortgage@nccob.gov

Consumer Industries

Phone:
919.733.3016

Fax:
919.733.6918

Email:
ConsumerIndustries@nccob.gov

Nationwide Mortgage Licensing System (NMLS)

Web address:
<http://www.stateregulatoryregistry.org/>

NMLS — Help Desk: 240.386.4444

File a complaint at:
<https://www.nccob.org/Online/CTS/ComplaintOnline.aspx>

Subscribe to the electronic Non-Depository Newsletter by sending a blank email [here](#).